

### **REMARKS**

In the Office Action, the Examiner noted that Claims 1-130 are pending in the application, and that Claims 1-20, 40-127 and 129 are withdrawn from consideration. In addition, the Examiner noted that Claims 21-39, 128 and 130 are rejected. By this Amendment, Claims 21, 128 and 130 have been amended, and Claim 131 has been added. This, Claims 21-39, 128 and 130-131 are pending in the application. The Examiner's rejections are traversed below.

#### **Rejection under 35 USC § 103**

Claims 21-39, 128 and 130 are rejected as being obvious in view of Fox, U.S. Patent 5,132,899 in view of Basch et al., U.S. Patent 6,119,103. Applicant respectfully traverses this rejection.

Fox, described in detail in the present application on pages 2-3, discloses a stock and cash portfolio development system. As disclosed in Figure 1 of Fox, the system of Fox uses data gathering and processing methodology to produce a system where a list of stocks and a cash position is generated and purchased for investment and operating accounts. Specifically, the Fox system integrates three areas of data: investment performance for investment managers; federal securities and exchange commission reports filed quarterly by investment managers; and financial characteristics for a number of stocks, to produce a stock portfolio.

Fox is lacking in many of the features of the present invention. For example, the present invention, in at least one embodiment, provides a system, method, and/or computer readable medium containing instructions usable not only for providing raw information and data but also usable for evaluating performance based on returns observed after decisions concerning buying and selling activity, historical consistency at picking entry and exit points and/or the number of buying or selling decisions made by the insider or investing entity. Further, the present invention in at least one embodiment provides a system, method, and/or computer readable medium usable for not only evaluating performance with respect to all insiders and/or traders, but also usable for evaluating performance with respect to insiders and/or traders in a particular industry.

Additional differentiators between the present invention over Fox include the ability to evaluate or score an insiders or traders actions. Fox fails to disclose all of the above features. In particular, Fox generates a list of stocks and cash position which is purchased for investment and operating accounts. (Column 1, lines 64-68). **Fox does not determine the list of stocks and cash position for investment based on trades but merely selects managers that have essentially selected the best stocks over an extended period of time. (Column 4, lines 24-30).** Thus, Fox only considers an overall performance of an investment manager that invests in a collection of stocks and rates those investment managers in order of performance based on a standard rate of return formula. (Column 4, lines 33-45). **This standard rate of return formula is based on the 1968 Banking Administration Institute study. (Column 4, lines 49-50).**

Fox is distinctly different than the insider scoring of the present invention. In particular, the insider scoring of the present invention specifically discusses various differentiators over Fox, including the ability to evaluate or score an insider's or trader's actions, returns earned after decisions concerning buying and selling activities, and/or historical consistency at picking good entry and exit points, and the like.

U.S. Patent 6,119,103 to Bausch et al., newly cited by the Examiner, is also distinctly different than the insider scoring of the present invention. In particular, Bausch et al. relates to a method for predicting financial risk, and is not at all related to scoring financial performance as the insider scoring of the present invention. In Bausch et al., a first financial account represents a financial account issued to a given account holder by a first account issuer, and a second financial account represents a financial account issued to the given account holder by a second account issuer different from the first account issuer. The method receives transaction data pertaining to transactions performed on a second financial account different from the first financial account. The first and second transaction data are scored based on a preexisting model to form a score for the account holder relating to the financial risk.

**In contrast, the present invention produces a rank list of investors according to an evaluation of the investor's performance relating to, for example, at least one transaction made by the investors involving investments,** as recited, in independent Claim 21.

Independent Claim 21 further recites the combination of elements including "retrieving list of investors," "generating an evaluation list by removing investors failing to meet predetermined

criteria,” and “calculating a performance score for each investor.” As recited in independent Claim 21, the performance score is “indicative of the investors performance by considering an average historical performance of an investment following a transaction by the investor, historical consistency of the investors performances with respect to transactions involving at least one investment and the number of transactions made by the investor.” Independent Claim 21 further recites in combination “calculating, for each investor using said performance scores, a final transaction score indicative of the investors relative performance with respect to all investors on said evaluation list.”

As discussed above, neither Fox nor Bausch et al. show or suggest the combination of features recited in independent Claim 21. Withdrawal of this rejection is respectfully requested.

In addition, the present invention provides benefits, which are not provided for by Fox and Bausch et al. For example, the present invention is able to provide information pertaining to the reliability of a particular insider’s or trader’s actions. Further, the present invention is able to optionally evaluate performance with respect to insiders and traders for specific industries. Because as described above Fox and Bausch et al. do not show or suggest the combination of elements recited in Claim 21, Fox and Bausch et al. are unable to provide these corresponding benefits. Thus, for these reasons as well, Applicant respectfully submits that the combination of limitations recited in independent Claim 21 patentably distinguishes over Fox and Bausch et al. Withdrawal of this rejection is respectfully requested.

**The Examiner admits that Fox does not teach the step wherein the performance score considers the number of transactions made by the investor. Office Action page 4. The Examiner however maintains this is inherent. Applicant strongly disagrees.**

Specifically, the law is clear that an obviousness rejection does not incorporate inherent subject matter. For example, the Patent Office Board of Appeals has stated in a non-precedential opinion of *Ex parte Schricker*, 56 USPQ2d 1723, 1725 (B.P.A.I. 2000) (unpublished):

[T]he examiner talks in terms of inherency (which is really an anticipation rationale) while on the other hand the examiner talks in terms that it would have been obvious to experiment to divine optimum conditions.

Inherency and obviousness are somewhat like oil and water – they do not mix well. Claimed subject matter can be anticipated because a prior art reference describes a method which inherently meets the limitations of a claimed method. Claimed subject matter can be unpatentable for obviousness when, notwithstanding a difference between that subject matter and a prior art reference, the claimed subject matter, as a whole, would have been obvious. However, when an examiner relies on inherency, it is incumbent on the examiner to point to the "page and line" of the prior art which justifies an inherency theory. Compare *In re Rijckaert*, 9 F.3d 1531, 1533, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993) (when the PTO asserts that there is an explicit or implicit teaching or suggestion in the prior art, it must indicate where such a teaching or suggestion appears in the prior art) (citing *In re Yates*, 663 F.2d 1054, 1057, 211 USPQ 1149, 1151 (C.C.P.A. 1981)).

In addition, both the Federal Circuit Court of Appeals, and its predecessor court, the Court of Customs and Patent Appeals, has similarly held that inherency and obviousness are not to be combined in the same rejection:

*In re Spormann*, 363 F.2d 444, 150 USPQ 449, 452 (C.C.P.A. 1966):

That which may be inherent is not necessarily known. Obviousness cannot be predicated on what is unknown.

*In re Newell*, 891 F.2d 899, 13 USPQ2d 1248, 1250 (Fed. Cir. 1989):

[A] retrospective view of inherency is not a substitute for some teaching or suggestion which supports the selection and use of the various elements in the particular claimed combination.

Accordingly, Applicant respectfully submits that rejected claims 21, 128 and 130 are patentable over Fox and Bausch et al. Withdrawal of this rejection is respectfully requested.

With respect to the rejection of Claims 22-31 and 38, the Examiner has not provided any rationale why these claims are rejected.. Applicant respectfully asks the Examiner to provide an affidavit under 37 CFR §1.104(d)(2) detailing why these features in the claims are well known in the art, a prior art reference which actually shows these features or withdraw the rejection.

With respect to the rejection of Claims 32-37 and 39, **the Examiner admits that Fox does not explicitly disclose the steps of calculating the specific performance scores and related statistics listed in these claims.** However, the Examiner states that these statistics are disclosed in Bausch et al. Applicant disagrees. Basch et al. merely discloses statistical modeling and scoring. There is nothing in Basch et al. that is related to the presently claimed invention, as described above. **Applicant is submitting additional publications of the inventor for the Examiner to fully appreciate the novelty and uniqueness of the present invention.** Professor Bettis has done a significant amount of research in the general area of insider trading,

publications of which are enclosed. Accordingly, the present invention developed by Dr. Bettis and Mr. Columbus allows users to quantify insider performance activities in a meaningful manner, and for which has not been available to the public.

Accordingly, Applicant respectfully submits that Claims 21-39, 128 and 130 (and new Claim 131) patentably distinguish over Fox. Withdrawal of this rejection is respectfully requested.

Thus, for these reasons as well, Applicant respectfully submits that the present invention patentably distinguishes over Fox and Bausch et al. Withdrawal of this rejection is respectfully requested.

## **CONCLUSION**

Applicants respectfully submit that, as described above, the cited prior art does not show or suggest the combination of features recited in the claims. Applicants do not concede that the cited prior art shows any of the elements recited in the claims. However, Applicants have provided specific examples of elements in the claims that are clearly not present in the cited prior art.

In addition, each of the combination of limitations recited in the claims includes additional limitations not shown or suggested by the prior art. Therefore, for these reasons as well, Applicants respectfully request withdrawal of the rejection.

Further, there is no motivation shown to combine the prior art cited by the Examiner, and even if these teachings of the prior art are combined, the combination of elements of claims, when each is interpreted as a whole, is not disclosed in the Examiner's proposed combination. As the combination of elements in each of the claims is not disclosed, Applicants respectfully request that the Examiner withdraw the rejections.

Applicants strongly emphasize that one reviewing the prosecution history should not interpret any of the examples Applicants have described herein in connection with distinguishing over the prior art as limiting to those specific features in isolation. Rather, Applicants assert that it is the combination of elements recited in each of the claims, when each claim is interpreted as



a whole, which is patentable. Applicants have emphasized certain features in the claims as clearly not present in the cited references, as discussed above. However, Applicants do not concede that other features in the claims are found in the prior art. Rather, for the sake of simplicity, Applicants are providing examples of why the claims described above are distinguishable over the cited prior art.

Applicants wish to clarify for the record, if necessary, that the claims have been amended to expedite prosecution. Moreover, Applicants reserve the right to pursue the original subject matter recited in the present claims in a continuation application.

Any narrowing amendments made to the claims in the present Amendment are not to be construed as a surrender of any subject matter between the original claims and the present claims; rather merely Applicants' best attempt at providing one or more definitions of what the Applicants believe to be suitable patent protection. In addition, the present claims provide the intended scope of protection that Applicants are seeking for this application. Therefore, no estoppel should be presumed, and Applicants' claims are intended to include a scope of protection under the Doctrine of Equivalents.

Further, Applicants hereby retract any arguments and/or statements made during prosecution that were rejected by the Examiner during prosecution and/or that were unnecessary to obtain allowance, and only maintains the arguments that persuaded the Examiner with respect to the allowability of the patent claims, as one of ordinary skill would understand from a review

of the prosecution history. That is, Applicants specifically retract statements that one of ordinary skill would recognize from reading the file history were not necessary, not used and/or were rejected by the Examiner in allowing the patent application.

For all the reasons advanced above, Applicants respectfully submit that the rejections have been overcome and should be withdrawn.

For all the reasons advanced above, Applicants respectfully submit that the Application is in condition for allowance, and that such action is earnestly solicited.

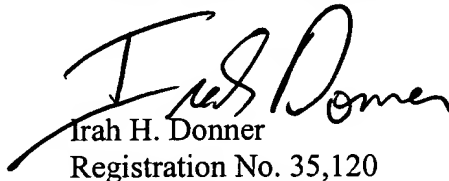
**AUTHORIZATION**

The Commissioner is hereby authorized to charge any additional fees, which may be required for this Amendment, or credit any overpayment to Deposit Account No. 08-0219

In the event that an Extension of Time is required, or which may be required in addition to that requested in a petition for an Extension of Time, the Commissioner is requested to grant a petition for that Extension of Time which is required to make this response timely and is hereby authorized to charge any fee for such an Extension of Time or credit any overpayment for an Extension of Time to Deposit Account No. 08-0219.

Respectfully submitted,

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Date: 5/16/05

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